



SCOTT M. MATHESON
Governor

GORDON E. HARMSTON
Executive Director,
NATURAL RESOURCES

CLEON B. FEIGHT
Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

OIL, GAS, AND MINING BOARD

CHARLES R. HENDERSON
Chairman

JOHN L. BELL
C. RAY JUVELIN
THADIS W. BOX
MAXILIAN A. FARBMAN
EDWARD T. BECK
E. STEELE McINTYRE

January 2, 1981

Mr. Mervin Lawton
Rio Algom
P.O. Box 610
Moab, Utah 84532

RE: Annual Operations and
Progress Report
Lisbon Mine, Humecca Mill -
ACT/037/001

Dear Mr. Lawton:

As you are aware, your company has been approved to operate the above named mine(s) under the 1975 Utah Mined Land Reclamation Act. Section 40-8-15 of the Act and Rule M-8 require that each operator file with the Division an Annual Operations and Progress Report for each mining operation having an approved mining and reclamation plan. Also, an updated map and plan prepared in accordance with Rule M-3 is required to keep the Division informed of the current status of the operation.

Enclosed you will find a revised MR Form 3 to be completed and returned to the Division, along with an updated map and plan, by January 31, 1981.

If you have any questions regarding the above, please do not hesitate to call. Thank you for your cooperation.

Sincerely,

JAMES W. SMITH, JR.
COORDINATOR OF MINED LAND DEVELOPMENT

JWS/te

Enc: Revised MR Form 3
(Annual Operations & Progress Report)



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September 30, 1980

Mr. Mervin Lawton, President
Rio Algom Corporation
P. O. Box 610
Moab, Utah 84532

RE: Final Approval
Lisbon Uranium Mine
San Juan County, Utah
ACT/037/001

Dear Mr. Lawton:

This letter is to inform you that the Board of Oil, Gas & Mining has executed the Mined Land Reclamation Agreement and the Escrow Agreement between Rio Algom Corporation and the State of Utah, Board of Oil, Gas & Mining.

The Division of Oil, Gas & Mining did not receive any protest pursuant to the notice of tentative approval published August 30, 1980, during the ensuing 30 days, ending September 30, 1980.

The Division of Oil, Gas & Mining hereby grants final approval of the Rio Algom Corporation's Lisbon Mine.

Attached hereto is a copy of the executed agreements, the original has been sent to David R. Bird, Esq., of Parsons, Behle and Latimer, so that the acknowledgement by First Security Bank can be completed in the escrow agreement. Mr. Bird will copy the completed agreement for your files and return the original to the Division.

Yours Truly,

JAMES W. SMITH, JR.
COORDINATOR OF MINED LAND DEVELOPMENT

Enclosure (2)

cc: David R. Bird, Esq.

JWS/btm

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

ESCROW AGREEMENT

AGREEMENT made this 25th day of September, 1980, between the Board of Oil, Gas, and Mining, hereinafter called the Board, and Rio Algom Corporation, a Delaware Corporation, hereinafter called the Operator, and First Security Bank of Utah, N.A., a Utah Corporation located at Salt Lake City, Utah, hereinafter called the ESCROW AGENT.

WHEREAS, the Board and the Operator have entered into a Mined Land Reclamation Agreement dated the 1st day of October, 1980 (hereinafter referred to as the Reclamation Agreement), upon terms and conditions therein set forth.

WHEREAS, the Operator desires to execute an Escrow Agreement in lieu of furnishing a Bond or other form of surety for the purpose of meeting the requirements of Section 40-8-14, U.C.A., 1953.

IT IS THEREFORE AGREED:

1. Deposit of Escrow Funds

Commencing on the 1st day of October, 1980, and on the same date annually thereafter, the Escrow Agent agrees to accept and the Operator agrees to deposit Three Thousand Six Hundred and Seventy-Six Dollars (\$3,676.00) in what will hereinafter be referred to as the Escrow Fund, until such time as the said Escrow Fund contains, including interest earned, Twenty-Five Thousand, and no/100 Dollars (\$25,000.00), or such lesser amount provided for in Paragraphs 4 and 6 of the Reclamation Agreement. The cumulative amount, including the current deposit and interest earned, which shall be in the Escrow Fund on the first day of October, in each year shall be as shown in Schedule "A" attached hereto. The said schedule for calculations is based on the assumption that the Escrow Fund will earn income at the rate of 5% annually. If the income earning experience of the Escrow Fund is less than sufficient to equal the annual value shown

in the attached Schedule "A" in any particular year, then the Operator agrees to increase the amount of the deposit for that year so that the value of the Escrow Fund, after crediting the deposit, will be the amount shown in the attached schedule for the appropriate year. Deposits shall continue to be made to the Escrow Fund for five (5) years or until such time as the total amount in the Escrow Fund is Twenty-Five Thousand, and no/100 Dollars (\$25,000.00) or such lesser amount provided for in paragraphs 4 and 6 of the Reclamation Agreement, whichever shall first occur.

2. Depository of Escrow Fund

The Fund shall be held by the Escrow Agent in an interest bearing account separate and apart from the personal funds of the Escrow Agent until such time as the Escrow Agent receives written direction with respect to the final disbursement of said Fund, together with interest earned thereby, signed by both the Board and the Operator. The Escrow Fund or any part thereof may be invested in Treasury Bills, Notes or Bonds issued by the U.S. Government or its agencies, or by any state and in Bonds or Commercial Paper issued by corporations, banks, and utilities which have a Single A or higher bond rating from either Standard and Poor's Corporation or Moody's. The Operator is hereby authorized to instruct and direct the Escrow Agent with respect to investment of monies in the Escrow Fund within the limits set forth immediately hereinabove.

Any cash balances in the Escrow Fund resulting from contributions, earned interest or proceeds from sale, maturity or other repayment of any investment will be deposited in an interest bearing account for the benefit of the Escrow Fund.

3. Disputes

In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any money or property involved herein or affected hereby, the Escrow Agent shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrow Agent shall not become liable to the undersigned or any of them or to any other person for failure or refusal to comply with such conflicting or adverse demands and the Escrow Agent shall be entitled to continue to refrain and refuse to act until:

- (a) subject to paragraph 8 below, the rights of the adverse claimants have been finally adjudicated in a court assuming and having jurisdiction of the parties, the money and property involved herein or affected hereby; and/or
- (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing signed by all of the interested parties.

4. Escrow Agent Provisions

The Escrow Agent shall not be liable for any error of judgment or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection herewith, except his own willful misconduct.

The Operator agrees to pay the Escrow Agent compensation for its services hereunder, which compensation shall be (see of attached Schedule "B") at the time of acceptance and (see of attached Schedule "B") annually thereafter and agrees to reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by the Escrow Agent in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel). Escrow Agent is hereby granted a first lien for all such reasonable expenses, disbursements and advances on all property and monies held in the Escrow Fund and shall be under no obligation to deliver any of said property or monies until by Counsel such lien is discharged, anything herein contained to the contrary notwithstanding.

The Escrow Agent does not have and will not have any interest in the securities, or any of them, deposited hereunder, except for its first lien securing payment of its fees, but is serving only as escrow holder and has only possession thereof. The Operator agrees to pay all transfer taxes relating to the securities and any of them and agrees to reimburse, indemnify and hold harmless the Escrow Agent from any amounts that it is obligated to pay in the way of transfer taxes. The immediately preceding agreement survives, despite any termination of this Escrow Agreement or the resignation or removal of the Escrow Agent.

5. This Agreement shall be construed and enforced according to the laws of the State of Utah.

The rights created by this Agreement shall inure to the benefit of, and the obligations created hereby shall be binding upon the heirs, administrators, successors, representatives and assigns of the Escrow Agent and all parties to this Agreement.

All notices, instructions or other communications among the parties hereto will be in writing and addressed as follows:

TO THE BOARD:

State of Utah
Department of Natural Resources
Board of Oil, Gas, and Mining
1588 West North Temple
Salt Lake City, Utah 84116

TO THE OPERATOR:

Rio Algom Corporation
P.O. Box 610
Moab, Utah 84532

TO THE ESCROW AGENT:

First Security Bank of Utah, N.A.
Trust Division
Corporate Trust Department
79 South Main Street
Suite 310
Salt Lake City, Utah 84111

6. Accounting

On or before the 1st day of October of each year, the Escrow Agent shall provide to Board and to Operator a yearly statement showing the beginning and ending balance and all transactions taking place during the preceding year.

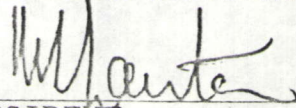
7. This Agreement may not be altered or modified without the express written consent of the Operator, the Board and the Escrow Agent.

8. Any Court Order delivered to the Escrow Agent will be accompanied by a legal opinion by Counsel for the presenting party to the effect that the Court Order is final and unappealable.

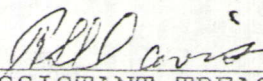
9. The Escrow Fund shall be from time to time disbursed, in whole or in part, by the Escrow Agent only upon, and in strict accordance with, written instructions signed by both the Board and the Operator as provided for in the Reclamation Agreement.

IN WITNESS WHEREOF, the parties hereto have respectively set their hands and seals as of the 25th day of September, 1980.

RIO ALGOM CORPORATION

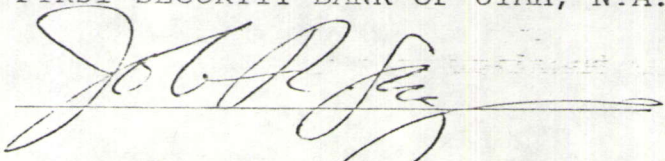


PRESIDENT

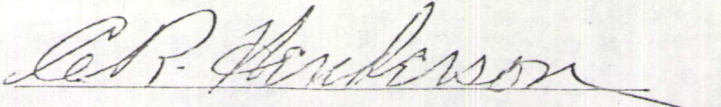


ASSISTANT TREASURER

FIRST SECURITY BANK OF UTAH, N.A.



BOARD OF OIL, GAS, AND MINING



C. R. Anderson

STATE OF UTAH)
) ss.
COUNTY OF)

On this 19 day of SEPTEMBER, 1980, personally appeared before me M. D. Lawton, who being by me duly sworn did say that he is the President of Rio Algom Corporation, a Delaware Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and said M. D. Lawton acknowledged to me that said corporation executed the same.

William B. Pearson
NOTARY PUBLIC
Residing in San Juan County, Utah

My Commission Expires:
August 1, 1984

ACKNOWLEDGEMENT

First Security Bank of Utah, N.A., the Escrow Agent named in the foregoing Agreement hereby acknowledges that there is on deposit at First Security Bank of Utah, N.A., deposited to the credit of Rio Algom Corporation, Operator named in the foregoing Agreement, in the sum of \$_____ said sum constituting the first installment of the Escrow Fund; that it is aware of the within agreement, that it agrees to make disbursement of the proceeds of the within named trust account only within the provisions of the terms as outlined in said agreement.

FIRST SECURITY BANK OF UTAH, N.A.

By _____
_____(Title)

STATE OF UTAH

)

)

ss.

COUNTY OF

)

On this 24th day of September, 1980, personally appeared before me John R. Sager, who being by me duly sworn did say that he is the Assistant Trust Officer of First Security Bank of Utah, N.A., a National Association Corporation, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and said John R. Sager, acknowledged to me that said corporation executed the same.

Randy R. Murchant
NOTARY PUBLIC
Residing at Salt Lake City, Utah

My Commission Expires:

2-8-82

Approved as to Form:

Denise A. Drago
Assistant Attorney General

SCHEDULE A

RIO ALGOM CORPORATION

VALUE OF ESCROW FUND

CONSISTING OF \$3,676 ANNUAL DEPOSIT
WITH INTEREST AT 5 PERCENT PER ANNUM

<u>Year</u>	<u>Value</u>
1980	\$ 3,676
1981	7,535
1982	11,588
1983	15,844
1984	20,312
1985	25,000

NOTE: Annual Deposit made in years 1980 through 1985, inclusive

SCHEDULE B

FEE SCHEDULE

1. Document Review and Account Setup	\$350.00
2. Annual Account Maintenance Charge	\$300.00
3. Disbursement Charge, Per Payee	\$ 5.00
4. Investment Charge, Per Investment	
i) Deposit or Withdrawal from Savings	\$ 15.00
ii) Purchase or Sale of Obligations of the United States Government or its Agencies or of any State	\$ 35.00
iii) Purchase or Sale of Commercial Paper or Corporate Bonds	\$ 25.00
5. Statement of Charge, each Statement in addition to Annual	\$ 25.00

This Fee Schedule shall be adjusted yearly for inflation as measured by the cost of services index published by the Bureau of Labor Statistics as part of the Consumer Price Index under the heading, "Commodity and Service Groups," or the successor to such index.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

MINED LAND RECLAMATION AGREEMENT

(ESCROW)

THIS AGREEMENT, made and entered into this 25 day of September, 1980, between Rio Algom Corporation, a corporation duly authorized and existing under and by virtue of the laws of the State of Delaware as party of the first part, and hereinafter called the Operator, and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah as party of the second part, hereinafter called the Board.

W I T N E S S E T H :

WHEREAS, the Operator is the owner of the Lisbon Mine on owned and leased mining claims in portions of Sections 21, 22, 27 and 28, Township 29 South, Range 24 East, SLBM, San Juan County, Utah.

WHEREAS, the Operator did in August, 1976 file with the Division of Oil, Gas, and Mining, a "Notice of Intention to Commence Mining Operations" and a "Mining and Reclamation Plan" to secure authorization to engage, or continue to engage, in mining operations in the State of Utah, under the terms and provisions of the Mined Land Reclamation Act, Section 40-8-1, et seq., UCA, 1953; and whereas the Mining and Reclamation Plan was revised on the 24th of June, 1977 and refiled with the Division of Oil, Gas, and Mining; and whereas the Mining and Reclamation Plan was revised again on the 13th day of August, 1980 and refiled with the Division of Oil, Gas, and Mining.

WHEREAS, the Operator and the Board did in November, 1979 execute a Mined Land Reclamation Agreement and an Escrow Agreement covering reclamation of the mill site but excluding reclamation of the two mine shafts.

WHEREAS, the Operator is able and willing to reclaim the above-mentioned mine shafts in accordance with the approved mining and reclamation plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith.

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of the approved reclamation activities planned for the lands affected.

WHEREAS, the Board is cognizant of the nature, extent, duration of operations, and the fact that the Operator has chosen not to obtain a surety bond.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties hereto agree as follows:

1. The Operator promises to reclaim the lands affected in accordance with the approved Mining and Reclamation Plan, the Mined Land Reclamation Act, and the rules and regulations adopted in accordance therewith.
2. The Operator, in lieu of posting a bond or other surety hereby agrees to deposit Three Thousand, Six Hundred and Seventy-Six Dollars (\$3,676.00), commencing on the 1st day of October, 1980, and on the same date each year thereafter, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains Twenty-Five Thousand, and no/100 Dollars (\$25,000.00), or such lesser amount provided for by paragraph 4 herein.

3. Interest received by the Escrow Fund shall be deposited to the credit of the Escrow Fund as earned. After the total amount, including principal and interest accruing to the Fund, on deposit in the Escrow Fund reaches Twenty-Four Thousand, One Hundred and Sixty-Seven Dollars (\$24,167.00), or such lesser amount provided for by paragraph 4 herein, then annual payments shall cease and all interest earned by the Escrow Fund shall be paid or transferred to the Operator.
4. If prior to the termination of the expected life of the facility, the Operator completes any work which is required to be performed pursuant to the approved Notice of Intent and Reclamation Plan, then the total amount required to be deposited in the Escrow Fund shall be reduced by the cost of such work as indicated by an accounting of costs for the work supplied to the Board by the Operator. Allowance shall be made for inflation of the cost of said work from the time that said work was performed to the end of the 5 year period. Credits for reclamation work done prior to the contract term shall only be applied to the total amount of the Escrow Fund, not to annual payments which will remain the same.
5. If the subject mining operations terminate prior to the time anticipated in the Mining Application filed with the State of Utah, Department of Natural Resources, then the Operator will be responsible for implementation of the reclamation work in accordance with its approved Reclamation Plan, but will not be obliged to make any further deposits to the Escrow Fund under this agreement, after the termination date of such operations unless the total amount contained in the fund is not sufficient to complete the remaining reclamation work.
6. After termination of mining operations on the subject property the Operator shall be entitled to withdraw or transfer monies from the Escrow Fund, including the allowance for inflation, for all that work completed in compliance with the Reclamation Plan and approved by the Board. The amounts to be withdrawn or transferred from the Escrow Fund shall be determined by certified itemized receipts for expenditures presented to the Division of Oil, Gas, and Mining for the cost of such work as incurred by the Operator and the inflation thereon. A certificate made by the Operator as to completion of the reclamation work described under each of the operations listed in the attached surety estimate labeled attachment one and dated August 20, 1980 shall be delivered to the Board within fifteen (15) days of completion of said work. The Board shall cause an inspection to be made of the completed work within fifteen (15) days of receipt of the certificate of completion, weather conditions permitting, and shall inform the Operator within fifteen (15) days of the inspection that the work has or has not achieved the objectives of reclamation defined in Section 40-8-12 of the Utah Mined Land Reclamation Act. No portion of the Escrow Fund shall be withdrawn or transferred unless all reclamation efforts which are technologically practicable in the opinion of the Board, have been made by the Operator to achieve the reclamation objectives with respect to the work described in each monthly

certificate. Written communications (from the Board) that said technologically practicable efforts have been made by the Operator shall be sole authorization for monies to be in part transferred or withdrawn from the Escrow Fund. After the completion of all work required by the Reclamation Plan, the Mined Land Reclamation Act and the rules and regulations adopted in accordance therewith, the Board agrees to give notice of termination of the Escrow Agreement to the Escrow Agent and to authorize repayment to the Operator of any deposit balance in excess of the actual reclamation expenditures.

7. The Board, in lieu of the posting of a bond or other surety, agrees to execute an Escrow Agreement with the Operator and any third party designated by said Operator.
8. Upon execution of the Escrow Agreement, the Operator agrees to furnish or to have the Escrow Agent furnish the Board with a copy of each receipt of deposit within ten (10) days of the date upon which the deposit is required to be made.
9. The Board and the Operator agree that failure by the Operator to make a deposit into the Escrow Fund within two (2) months of the date upon which such deposit is required, shall constitute a Breach of Contract and the Board may, after notice and hearing, declare all monies in the Escrow Fund forfeited and request the Attorney General to take the necessary legal actions to enjoin further mining activities by the Operator in the State of Utah.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this 25 day of September, 1980.

By: [Signature]
Operator

Approved as to Form:

[Signature]
Assistant Attorney General

By: [Signature]
Board of Oil, Gas, and Mining

STATE OF UTAH)
) ss.
COUNTY OF)

On this 22 day of September, 1980, personally appeared before me M. D. Lawton, who being by me duly sworn did say that he is the President of Rio Algom Corporation, a Delaware Corporation, and that the foregoing instrument

was signed in behalf of said corporation by authority of its Board of Directors, and said M. D. Lawton acknowledged to me that said corporation executed the same.

William B. Lawrence
NOTARY PUBLIC
Residing in Monticello, Utah

My Commission Expires:

August 1, 1984